

Common Budget Terms

Below are some common terms used throughout the budget process:

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Ancillary Appropriation Bill Appropriates funding to the agencies that provides support services to other entities. Examples: Office of Group Benefits, Risk Management, and Prison Enterprise. Usually funded with Fees and Self-Generated Revenue and Interagency Transfers from the agency receiving the service.

Annualization A reduction or increase in the proposed budget to convert a mid-year change to an annual (yearly) basis. Example: if rent is increased by \$10,000 per month starting January 1st, a \$60,000 increase must be applied to the proposed budget for the next year to annualize the increase.

Authorized Other Charges Positions Positions funded from appropriations in the “other charges” expenditure category and approved by the legislature. Example: disaster recovery employees for hurricanes and flooding in GOHSEP paid by a federal grant.

Budget Authority An appropriation by the legislature that gives a department the authority to obligate and expend funds up to the authorized amount for one fiscal year.

BA-7 A mid-year budget adjustment request from a department which must be approved by the commissioner of administration and/or the Joint Legislative Committee on the Budget when the legislature is not in session. BA-7s generally cannot adjust State General Fund (Direct).

Budget Stabilization Fund (Rainy Day Fund) A fund to cover fiscal shortfalls as identified by the official forecast. The legislature must deposit at least \$25 million into the fund each fiscal year. The fund also receives funding from the excess of the expenditure limit, and mineral revenues. The balance of the fund cannot exceed 4% of the total state revenue receipts for the previous fiscal year. No more than 1/3rd of the fund may be used in any fiscal year.

Carryforward Appropriations from the prior fiscal year that are transferred to the new fiscal year through BA-7s. At the end of the fiscal year, agencies often have obligations or liabilities (such as contracts and purchase orders) for which the agency has not received the goods or services and has not provided payment for that reason. The commissioner of administration and Joint Legislative Committee on the Budget must approve the Carryforward BA-7 before August 15th. The carryforwards are not included in the budget development process for the following fiscal year.

Continuation Budget A budget showing what it would cost to do the same services the next year adjusting only for inflation and utilization. Presented to the Joint Legislative Committee on the Budget by the Division of Administration in January.

Deficit Occurs when expenditures exceed revenues in the prior fiscal year after close out (August 14th).

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Excess Occurs when the Revenue Estimating Conference adopts a revenue forecast which exceeds the total amount appropriated for the current fiscal year. Unlike a surplus, the appropriation of the excess is not limited to specific expenditures.

Excess Budget Authority A budgeted amount that is no longer needed to support agency operations. Excess budget authority could be revenue that may never be collected or expenditures that may never be spent. For example, an agency may have \$1 million budgeted in fees and self-generated revenue but only collects and spends \$900,000. The difference of \$100,000 in funding would be considered excess budget authority.

Existing Operating Budget (EOB) The initial appropriated operating budget plus any adjustments (increase or decrease) as of a specific date, randomly selected for the purposes of showing expenditures to date. The Division of Administration typically uses December 1st as the standard EOB date for the executive budget presentation.

Expenditure Trend The analysis of historical expenditures utilized to estimate future spending trends.

Fiscal Year The period that government uses for accounting purposes and in preparing financial statements. Louisiana's fiscal year is July 1st to June 30th. The fiscal year is often expressed as FY XX-XX or FY XX. Example: July 1, 2019 to June 30, 2020 is expressed as FY19-20 or FY 20.

Full-time Equivalent (FTE) The employee count adjusted to reflect the number of full-time positions. For example, a full-time employee who works 40 hours per week equals one FTE, or two part-time employees who work 20 hours per week also equal one FTE.

Funds Bill A bill which transfers, deposits, and uses monies among state funds. For example the bill instructs the treasurer to transfer monies to various funds. The bill can also create, amend, and repeal existing funds.

General Appropriation Bill Appropriates funding for the ordinary operating expenses of the executive branch of state government. Traditionally known as: House Bill 1 (HB1).

Judicial Appropriation Bill Appropriates funding for the judicial branch including the Supreme Court, Courts of Appeal, District Courts, and other courts. The budget preparation and expenditure control function is vested in the Judicial Budgetary Control Board.

Legislative Appropriation Bill Appropriates funding for the legislative branch including the House of Representatives, Senate, Legislative Auditor, the Legislative Fiscal Office, and the Law Institute. The budget preparation and expenditure control function is vested in the Legislative Budgetary Control Council.

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Means of Finance (MOF) The sources of funding used to pay for budget expenses. The Means of Finance are as follows:

- State General Fund (Direct) (SGF) – All revenues collected including taxes, licenses, fees, and other revenues except for those identified below as other means of finances. Typically when a reference is made to state general fund it implies State General Fund (Direct).
- Fees and Self-Generated Revenue (FSGR) –Revenues collected from one of the following:
 - Income charged by state agencies for their services
 - Licenses, permits, fees, and fines imposed under legislative authority for engaging in business
 - Income from the sale of merchandise or commodities by an agency
 - Note: Appropriations of self-generated monies are limited by the amount of revenues actually collected.
- Statutory Dedications (SD) – Revenues dedicated to a particular fund created in law. Dedicated funds can have a unique funding source and a specific use.
- Interagency Transfers (IAT) – Revenues that have been transferred from one state agency to another.
- Federal Funds (FED) – Revenues available from the federal government.

Means of Finance Substitution/Swap Trading one means of finance for another. For example, reducing \$1 million in state general fund and replacing it with \$1 million in fees and self-generated revenues.

Non-Appropriated Requirements Various obligations of the state that must be paid every fiscal year primarily including General Obligation Debt Service. The monies for these obligations are accounted for prior to the creation of the budget.

Non-recur Eliminates an expense from the budget that is no longer needed in future budgets. For example, a grant from the previous year ended and the funding for the grant will be non-recurred in the proposed budget.

Non-recurring revenue A temporary monetary source that cannot be spent on recurring expenditures. A budget surplus is a common nonrecurring revenue. The revenue must be collected for 3 consecutive years to be considered recurring revenue.

Non-T.O. Positions Temporary positions that are not authorized by the legislature. Examples include temporary wage employees, student workers, seasonal workers, part-time employees, and board members.

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Projected deficit Occurs when the Revenue Estimating Conference lowers the revenue forecast for the current fiscal year. The new forecast will be lower than the appropriated funds.

Revenue Sharing Appropriation Bill Appropriates \$90,000,000 from the State General Fund to the Revenue Sharing Fund. Monies in the fund are distributed based on population and the number of homesteads in each parish.

Standard Statewide Adjustment Adjustments made by the Division of Administration to all departments. These can include items such as salary increases, health insurance, retirement payments, attrition, risk management, legislative auditor fees, and rent.

Supplemental Appropriation Bill Adjusts funding in the current fiscal year by amending the most recently enacted budget bills. The bill can reduce the budget in times of a projected deficit or spend the excess in the current fiscal year. Adjustments in the Supplemental Bill can include State General Fund (Direct) or any other means of finance.

Surplus Occurs when revenue exceeds expenditures in the prior fiscal year after close out (August 14th). A surplus can only be spent on 6 constitutionally defined items: deposit into the Budget Stabilization Fund (at least 25%), payment on the unfunded accrued liability of the public retirement systems (at least 10%), early retirement or defeasance of state debt, capital outlay, deposit into the Coastal Protection and Restoration Fund, or new highway construction for which federal matching funds are available. A *surplus* should not be confused with a current year *excess*.

Table of Organization Positions (T.O.) The number of authorized positions for a state agency included in the salaries category of an appropriation bill approved by the legislature. T.O. positions appear next to each program in the General Appropriation Bill.